



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 23, 1997

Proposed Amendment to S. 537
Mammography Quality Standards Reauthorization Act

Draft legislative language as of October 10, 1997

SUMMARY

CBO estimates that enacting the proposed amendment to S. 537 would cost the federal government \$18 million in fiscal year 1998 and \$96 million over the 1998-2002 period. It would also reduce federal revenues by \$1 million in 1998 and by \$8 million over the 1998-2002 period.

Almost all of the increase in spending would be for reauthorized programs that are subject to appropriation. In addition, section 4 of the bill, which would require facilities performing mammograms to provide written summaries of test results to all patients, would increase costs for Medicaid and the Federal Employees Health Benefits Program (FEHBP). CBO estimates that the increase in direct spending for these programs would total about \$1 million a year. This section would also reduce federal revenues because it would raise the costs of employer-sponsored health insurance, and correspondingly reduce the amount of employee compensation subject to income and payroll taxes. Because the bill would affect direct spending and receipts, pay-as-you-go procedures would apply.

Section 4 would also constitute an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act of 1995 (UMRA). CBO estimates that the costs to state, local, and tribal governments of complying with this mandate would not exceed the threshold for intergovernmental mandates established in the law (\$50 million in 1996, adjusted annually for inflation). Likewise, CBO estimates that the cost of this new requirement to the private sector would not exceed the applicable threshold (\$100 million in 1996, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the proposed amendment to S. 537 is shown in the following table. The costs of this legislation fall within budget function 550 (Health).

	By Fiscal Year, in Millions of Dollars					
	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Authorization Level ^a	16	0	0	0	0	0
Estimated Outlays	16	3	1	0	0	0
Proposed Changes						
Authorization Level	0	17	18	18	19	19
Estimated Outlays	0	14	17	18	19	19
Spending Under S. 537						
Authorization Level ^a	16	17	18	18	19	19
Estimated Outlays	16	17	18	18	19	19
DIRECT SPENDING AND REVENUES						
Direct Spending						
Estimated Budget Authority	0	1	1	1	1	1
Estimated Outlays	0	1	1	1	1	1
Estimated Revenues	0	-1	-2	-2	-2	-2
<p>a. The 1997 level is the amount appropriated for that year.</p>						

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumed that all amounts authorized in the bill would be appropriated by the start of each fiscal year and that outlays would follow historical spending patterns.

Spending Subject to Appropriation

S. 537 would reauthorize the Mammography Quality Standards Act (MQSA) through 2002, with some slight modifications to current law. Section 2 would reauthorize the breast cancer screening surveillance research grant program, administered by the National Cancer Institute, at a cost of \$4 million in 1998 and \$19 million over the 1998-2002 period. This program, operated jointly with the Centers for Disease Control and Prevention and the Department of Defense, funds research to determine the cost and effectiveness of screening programs in reducing breast cancer mortality.

Section 2 would also reauthorize funding for program activities that are not supported by the MQSA user fees. These activities include administration of mammography facilities, consumer education, and mammography standards. This provision would cost the federal government \$13 million in 1998 and \$71 million over the 1998-2002 period.

Section 5 would permit Food and Drug Administration (FDA) inspectors to enter any mammography facility to determine compliance with MQSA certification requirements. Under current law, the agency is authorized to enter only certified facilities. According to the FDA, only a small number of unlicensed mammography facilities are operational; therefore, the agency would have to conduct few additional inspections under the proposal. Based on data provided by the FDA, CBO estimates that this provision would increase federal costs by less than \$1 million annually.

Direct Spending and Revenues

Under section 4 of the bill, facilities providing mammograms would be required to give each patient a written summary of the results of her mammogram. Current law requires that the physician interpreting a mammogram provide a written report to the physician who referred the patient. The interpreting physician is currently required to provide a written summary directly to the patient only in limited situations, and CBO believes that few physicians provide such reports when not required to do so.

The FDA estimates that about 40 million mammograms will be performed in 1997, and the number will increase in future years. In cases where patients are not already provided with summaries of the results of their mammograms—the large majority of mammograms—CBO estimates that enactment of this provision would cost health plans and providers about \$2 per mammogram, on average. This would increase costs for Medicaid and FEHBP by a total of \$1 million annually. Medicare spending would not be significantly affected, because almost all payments for mammograms are based on a fee schedule.

Higher costs for health plans and providers would also increase premiums for employer-sponsored health insurance, with a corresponding reduction in the amount of employee compensation subject to income and payroll taxes. CBO estimates that income and payroll tax revenues would fall by \$1 million in 1998 and by \$2 million a year thereafter.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Because section 4 of the bill would affect direct spending and receipts, pay-as-you-go procedures would apply. The impact of this provision on Medicaid and FEHBP outlays and on federal revenues is shown in the table below. For purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

Estimated Effects on Direct Spending and Revenues										
By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Change in Outlays	1	1	1	1	1	1	1	1	1	1
Change in Revenues	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The requirement for mammogram facilities to provide patients with easily understandable summaries of their test results would constitute a mandate as defined by the Unfunded Mandates Reform Act of 1995 (UMRA). Based on survey and statistical data provided by the Food and Drug Administration and professional health care associations, CBO estimates that state, local and tribal medical facilities that perform mammograms would face additional costs averaging between \$7 million and \$8 million annually during the first five years of implementation. These costs would include the initial development or purchase of a classification and reporting system, its implementation, and other operational costs.

Section 7 would also allow the Secretary of Health and Human Services to require certain mammogram facilities to notify patients if the quality of care in those facilities was found to fall short of existing statutory standards. Facilities would be free from the responsibility to make such notifications, however, if they were in compliance with the underlying standards. Consequently, this provision would not be considered a mandate under UMRA. The bill would also allow local governments to be approved for conducting inspections of mammogram facilities.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

Section 4(b) of the bill would impose a new mandate on private-sector facilities that perform mammograms by requiring those facilities to provide all patients with a written summary of the exam results. CBO estimates that the direct cost of this new requirement would not exceed the threshold for private-sector mandates specified in UMRA (\$100 million in 1996, adjusted annually for inflation). In 1997, an estimated 40 million mammograms will be performed in approximately 9,000 private-sector facilities. These facilities include hospitals, outpatient departments, clinics, radiology practices, mobile units, and physician offices. Counting both implementation and operation expenses, CBO estimates the total cost of this provision would be \$75 million in the first year the mandate was effective. In later years, the cost of this requirement would average about \$80 million as the number of mammograms increases.

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